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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022

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## INTRODUCTION

This management's discussion and analysis ("**MD&A**") is management's assessment of the significant activities of Carbon Streaming Corporation ("**Carbon Streaming**" or the "**Company**") and analyzes the financial results for the year ended June 30, 2022. This MD&A should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended June 30, 2022 and 2021 and the related notes thereto (the "**Financial Statements**"), which are available for viewing on [www.sedar.com](http://www.sedar.com). The effective date of this MD&A is September 25, 2022.

Financial information in this document is presented in United States dollars and prepared in accordance with International Financial Reporting Standards ("**IFRS**"), unless otherwise indicated.

Effective July 1, 2021, the Company determined that its functional currency had changed from the Canadian dollar ("**C\$**") to the United States dollar ("**\$**" or "**US\$**"). The Company made the determination considering the significance of the July 19, 2021, private placement of \$104.9 million raised in US\$, and that carbon credit streaming agreements are primarily based in US\$. Concurrent with the change in functional currency, the Company also changed its presentation currency from C\$ to US\$.

On October 22, 2021, the Company completed a consolidation of its share capital on a basis of five pre-consolidation Common Shares (as defined herein) for one post-consolidation Common Share. All Common Shares, per Common Share amounts, Special Warrants (as defined herein), warrants, stock options and RSUs (as defined herein) in the Financial Statements and MD&A have been retroactively restated to reflect the share consolidation.

Management is responsible for the preparation and integrity of the Company's Financial Statements, including the maintenance of appropriate information systems, procedures, and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the Company's Financial Statements and MD&A, is complete and reliable.

This MD&A contains forward-looking statements that involve risks and uncertainties. Although such information is considered to be accurate, actual results may differ materially from those anticipated in the statements made. See "Advisories". Additional information on the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

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## DESCRIPTION OF BUSINESS

At Carbon Streaming, we aim to finance a net-zero future. We pioneered the use of streaming transactions, a proven and flexible funding model, to scale high-integrity carbon credit projects to accelerate global climate action and advance the United Nations Sustainable Development Goals. This approach aligns our strategic interests with those of project partners to create long-term relationships built on a shared commitment to sustainability and accountability and positions us as a trusted source for buyers seeking high-quality carbon credits.

The Company currently has eight carbon credit streaming and royalty agreements covering 19 projects around the world, including projects involving nature-based solutions, the distribution of fuel-efficient cookstoves and water filtration devices, sustainable community projects focused on waste avoidance and energy efficiency, and biochar carbon removal.

The Company's common shares ("**Common Shares**") are listed on the Neo Exchange Inc. ("**NEO Exchange**") under the symbol "NETZ", the warrants that expire in March 2026 are listed on the NEO Exchange under the symbol "NETZ.WT" and the September 2026 Warrants (as defined herein) are listed on the NEO Exchange under the symbol "NETZ.WT.B". The Company's Common Shares are also traded on the OTCQB Markets under the symbol "OFSTF" and are listed on the Frankfurt Stock Exchange under the symbol "M2Q".

## COMPANY HIGHLIGHTS

### Fourth Quarter 2022

- Ended the quarter with \$93.2 million in cash and no corporate debt.
- Recognized net income of \$29.2 million for the quarter, primarily due to a \$32.7 million non-cash revaluation related to warrant liabilities. Adjusted net loss for the quarter was \$3.5 million. See "Non-IFRS Measures" for a reconciliation of adjusted net income (loss) to its most comparable IFRS measure.
- Announced the Company's first carbon credit stream in a portfolio of fuel-efficient cookstoves and water filtration devices projects with Community Carbon, located in five countries in eastern and southern Africa. The portfolio's goal is to reduce approximately 50 million tonnes of CO<sub>2</sub> equivalent ("**tCO<sub>2</sub>e**") emissions and generate an equivalent amount of carbon credits over the 15 to 21 year lives of the projects.
- Announced a carbon credit stream with Will Solutions Inc. to scale its Sustainable Community Projects in Quebec and Ontario, Canada. These projects are expected to generate more than 100 million carbon credits over the next 10 years, of which the Company will receive 50% of the carbon credits up to 44.1 million carbon credits.
- Announced the Company's first biochar carbon credit stream with Waverly RB SPE LLC, a subsidiary of Restoration Bioproducts LLC, to support the construction of a biochar production facility located in Virginia, USA. This project is expected to remove more than 161,000 tCO<sub>2</sub>e of emissions and generate an equivalent number of CO<sub>2</sub> Removal Certificates ("**CORCs**") over the 25-year project life.

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- Announced a collaboration with IG Wealth Management to position the IG Climate Action Portfolios as unique, sustainable investment solutions available to Canadian investors.

### Full Year 2022

- Recognized net loss of \$12.9 million for the year, due in part to a \$4.7 million non-cash revaluation related to warrant liabilities. Adjusted net loss for the year was \$17.6 million. See “Non-IFRS Measures”.
- Paid \$67.4 million in total cash and equity consideration and committed to pay \$40.4 million in upfront deposits for new carbon credit streaming agreements, early deposit interests and other investments; growing the Company’s portfolio to six streams covering 13 carbon credit projects across four continents at the end of fiscal year 2022, compared to one early deposit interest for a potential future stream on one project at the end of fiscal year 2021.
- Subsequent to year-end, advanced an initial C\$400,000 to Citadelle Maple Syrup Producers’ Cooperative, based in Quebec, Canada, to fund an initial grouped project; closed the Community Carbon Stream; and advanced \$3.0 million to and entered into a new binding term sheet and royalty agreement with Future Carbon International LLC, the international division of Future Carbon Group.

## CARBON CREDIT PROJECTS

The Company currently has the following carbon credit streaming and royalty agreements:

Stream/Royalty	Partner	Project Location	Status <sup>1</sup>	Project Type	Credit Type
Rimba Raya	InfiniteEARTH	Indonesia	Registered and issuing carbon credits since 2013	REDD+ <sup>2</sup> (AFOLU) <sup>3</sup>	Verra (VCS)
Community Carbon (7 projects)	Community Carbon	Uganda, Mozambique, Tanzania, Zambia and Malawi	Under Development	Cookstove/ Water Filtration	Gold Standard/ Verra (VCS)
Sustainable Community (2 projects)	Will Solutions	Canada	Quebec: Registered and issuing carbon credits since 2014 Ontario: Under Development	Energy Efficiency/ Waste Diversion/ Transport	Verra (VCS)
Magdalena Bay Blue Carbon	MarVivo	Mexico	Under Development	To be developed as REDD+ (AFOLU/ Blue Carbon)	Verra (VCS) (planned)
Waverly Biochar	Waverly RB	United States	Under Development	Biochar	Puro.earth
Cerrado Biome	ERA	Brazil	Registered	REDD+ (AFOLU/ACoGS) <sup>4</sup>	Verra (VCS)
Bonobo Peace Forest <sup>5</sup> (2 projects)	Bonobo Conservation Initiative	Democratic Republic of Congo	Feasibility	Pending	Verra (VCS)
FCG Amazon Portfolio <sup>6</sup> (4 projects)	Future Carbon	Brazil	Registered	REDD+ (AFOLU)	Verra (VCS)

(1) Under development means that the project has not yet been validated or registered, and that activities leading toward registration are in progress (often close to final). These could include project document development, carbon modeling, negotiations with relevant entities, and/or any other work to fulfill the crediting registry’s project requirements. During the due diligence process, Carbon Streaming will assess the risks of the project in context of its status.

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- (2) "REDD" means Reducing Emissions from Deforestation and forest Degradation, a framework developed by the United Nations Framework Convention on Climate Change.
- (3) "AFOLU" means agriculture, forestry and other land-use.
- (4) "ACoGS" means avoided conversion of grasslands and shrublands.
- (5) The Company has entered into a royalty agreement and an exclusive term sheet with BCI to advance the development of these projects. See "Bonobo Peace Forest Term Sheet" and "Subsequent Events".
- (6) The Company has entered into a royalty agreement and an exclusive term sheet with Future Carbon to contribute to the development and maintenance of these projects and grow Future Carbon in the global carbon market. See "Subsequent Events".

## Rimba Raya Stream

On August 3, 2021, the Company announced that it entered into a carbon credit streaming agreement with InfiniteEARTH Limited ("**InfiniteEARTH**"), the developer of the Rimba Raya project, a REDD+ (Reducing Emissions from Deforestation and Forest Degradation) project that has been conserving tropical lowland peat swamp forests in Central Kalimantan, Indonesia for over a decade (the "**Rimba Raya Stream**"). Under the terms of the Rimba Raya Stream, InfiniteEARTH will deliver 100% of the carbon credits created by the project up to July 31, 2051 (unless otherwise extended) for sale by Carbon Streaming, less up to 635,000 carbon credits per annum which are already committed to previous buyers. The project design documentation ("**PDD**") filed with Verra by InfiniteEARTH on September 20, 2011 projected that a total of 130 million tCO<sub>2</sub>e greenhouse gas ("**GHG**") emissions would be avoided at Rimba Raya over the 30-year project life, and a total of approximately 70 million credits could be issued over its remaining 20-year project crediting period with Verra.

To acquire the Rimba Raya Stream, the Company paid an upfront deposit of \$22.3 million. In addition, the Company will make ongoing delivery payments to InfiniteEARTH for each carbon credit that is sold under the Rimba Raya Stream. In April 2022, the Indonesian government temporarily paused validation and verification of carbon credits from projects on the Verra Registry (and other registries) as it sought to finalize its own national carbon emission regulations. These new regulations are expected to help bring clarity to the carbon sector in Indonesia and, while progress has been made, the impact on the current PDD filed with Verra, including the remaining crediting life and expected annual credits to be issued, and the potential timing of the next issuance of carbon credits, quantity of future issuance of carbon credits and delivery of carbon credits to the Company under a Verra audit (or otherwise) remain unknown at this time.

In conjunction with the Rimba Raya Stream, the Company and the founders of InfiniteEARTH ("**Founders**") also entered into a strategic alliance agreement (the "**SAA**"). Carbon Streaming issued 4,539,180 Common Shares (valued at \$31,547,647) and paid \$4.0 million to the Founders as consideration for entering into the SAA. Under the SAA, the Founders have agreed to provide consulting services to the Company, which will consist of carbon project advisory services, carbon credit marketing and sales services, as well as assisting the Company with due diligence initiatives on new potential carbon investment opportunities. In addition, the SAA provides Carbon Streaming with a right of first refusal on any carbon credit streaming or royalty financing transaction for projects that are planned in the future, which includes a portfolio of blue carbon credit projects throughout the Americas.

Osisko Gold Royalties Ltd ("**Osisko**") has provided notice to the Company that it intends to exercise its Stream Participation Right (as defined herein) in respect of the Rimba Raya Stream and the SAA. See "Commitments".

#### Community Carbon Stream

On May 17, 2022, the Company announced that it had entered into a carbon credit streaming agreement with Community Carbon and UpEnergy Group to bring fuel-efficient cookstoves and safe water solutions to millions of households in eastern and southern Africa under a grouped project model (the "**Community Carbon Stream**"). Under the terms of the Community Carbon Stream, Community Carbon will deliver a portion of the carbon credits created by the seven projects to the Company, for a term of 15 years. To acquire the Community Carbon Stream, the Company agreed to pay Community Carbon an upfront deposit of \$20 million. As at June 30, 2022, the transaction had not closed and no amounts were advanced. The Community Carbon Stream subsequently closed on August 15, 2022. See "Subsequent Events".

#### Sustainable Community Stream

On June 21, 2022, the Company announced that it had entered into a carbon credit streaming agreement with Will Solutions Inc. ("**Will Solutions**") to scale its Sustainable Community project in Quebec, Canada and develop and scale its Sustainable Community project in Ontario, Canada (the "**Sustainable Community Stream**"). Under the terms of the Sustainable Community Stream, Will Solutions will deliver 50% of the carbon credits created by the projects, up to 44.1 million credits to the Company. To acquire the Sustainable Community Stream, the Company agreed to pay an upfront deposit of \$20.0 million. As at June 30, 2022, \$4.0 million of the upfront deposit has been paid, with the balance to be paid as the projects achieve implementation and new member enrollment milestones. In addition, the Company will make ongoing delivery payments to Will Solutions for each carbon credit that is sold under the Sustainable Community Stream.

#### Magdalena Bay Blue Carbon Stream

On May 17, 2021, the Company announced that it had entered into a carbon credit streaming agreement with Fundación MarVivo Mexico, A.C. and MarVivo Corporation ("**MarVivo**") to implement the proposed Magdalena Bay Blue Carbon Conservation Project in Magdalena Bay in Baja California Sur, Mexico which is focused on the conservation of mangrove forests and their associated marine habitat (the "**Magdalena Bay Blue Carbon Stream**"). Under the terms of the Magdalena Bay Blue Carbon Stream, MarVivo will deliver the greater of 200,000 carbon credits or 20% of verified credits generated by the project on an annual basis, for a term of 30 years starting on the date of the first delivery of carbon credits. To acquire the Magdalena Bay Blue Carbon Stream, the Company agreed to pay MarVivo an upfront deposit of \$6.0 million. As at June 30, 2022, the Company has paid \$3.0 million of the upfront deposit, with the balance to be paid in three additional installments upon specific milestones being met during project development. In addition, the Company will make ongoing delivery payments to MarVivo for each carbon credit that is sold under the Magdalena Bay Blue Carbon Stream.

Osisko has provided notice to the Company that it intends to exercise its Stream Participation Right in respect of the Magdalena Bay Blue Carbon Stream.

#### Waverly Biochar Stream

On May 12, 2022, the Company announced that it had entered into a carbon credit streaming agreement with Waverly RB SPE LLC ("**Waverly RB**"), a subsidiary of Restoration Bioproducts LLC, to support the construction of a biochar production facility in Waverly, Virginia, United States (the "**Waverly Biochar Stream**"). Under the terms of the Waverly Biochar Stream, Waverly RB will deliver 100% of the CORCs generated by the project to the Company, for a term of 25 years starting on the date of the first delivery of CORCs. To acquire the Waverly Biochar Stream, the Company agreed to pay an upfront deposit of \$1.4 million. As at June 30, 2022, the Company has paid \$0.6 million of the upfront deposit, with additional installments to be paid over the term of the stream agreement. In addition, the Company will make ongoing delivery payments to Waverly RB for each carbon credit that is sold under the Waverly Biochar Stream.

#### Cerrado Biome Stream

On September 13, 2021, the Company announced that it had entered into a carbon credit streaming agreement with ERA Cerrado Assessoria e Projectos Ambientais Ltd (formerly ERA Assessoria e Projectos Ambientais e Agricolas Ltd.) ("**ERA**") to implement and scale the Cerrado Biome project, which is aimed at protecting native forests and grasslands in the Cerrado Biome, Brazil (the "**Cerrado Biome Stream**"). Under the terms of the Cerrado Biome Stream, ERA will deliver 100% of the carbon credits created by the project to the Company, less any pre-existing delivery obligations, for a term of 30 years. To acquire the Cerrado Biome Stream, the Company agreed to pay ERA an upfront deposit of \$0.5 million. As at June 30, 2022, the Company has paid \$0.2 million of the upfront deposit to ERA, with the balance to be paid in subsequent installments upon specific project milestones being met. In addition, the Company will make ongoing delivery payments to ERA for each carbon credit that is sold under the Cerrado Biome Stream.

#### Bonobo Peace Forest Term Sheet

On June 3, 2021, the Company announced that it had entered into an exclusive term sheet with the Bonobo Conservation Initiative ("**BCI**") to provide initial funding of \$0.5 million to BCI to develop two carbon credit projects within the Bonobo Peace Forest located in the Democratic Republic of the Congo ("**DRC**"). On December 30, 2021, the term sheet was amended and restated to increase the amount of the initial funding to \$1.3 million. As at June 30, 2022, the Company has paid \$1.3 million to BCI. The specific terms of definitive carbon credit streaming agreements are expected to be determined once the initial feasibility study work for the carbon credit projects has been completed. On September 8, 2022, the Company amended and restated its term sheet with BCI, providing an additional \$0.6 million of funding to BCI. See "Subsequent Events".



## OTHER INVESTMENTS

As at June 30, 2022, Carbon Streaming held a 18.6% equity interest in Carbon Fund Advisors Inc. ("**Carbon Fund Advisors**") which was acquired at a cost of \$400,750. Subsequent to June 30, 2022, the Company increased its equity interest in Carbon Fund Advisors to 50% for an additional \$1.35 million of consideration. Carbon Fund Advisors is the sub-advisor of Carbon Strategy ETF (NYSE: KARB) and the additional investment supports Carbon Fund Advisors' launch of the Carbon Strategy ETF, an actively managed thematic exchange traded fund that aims to provide investors exposure to the growing compliance carbon markets.

## DELIVERIES AND SALES

For the year ended June 30, 2022, sales of carbon credits were the result of the sale of a portion of the Rimba Raya credits held in inventory which were acquired outside of the Company's carbon credit streaming agreements (see Note 6 of the Financial Statements).

## CARBON MARKETS AND PRICING

The Kyoto Protocol, which went into force on February 16, 2005, operationalized the United Nations Framework Convention on Climate Change ("**UNFCCC**") by having countries commit to limit and reduce their GHG emissions in accordance with agreed individual targets. The Kyoto Protocol served to pioneer new approaches for fighting climate change and two broad types of carbon markets emerged: compliance and voluntary.

The global compliance market has grown significantly in recent years, with the transaction value increasing from €186 billion (US\$220 billion) in 2018 to €760 billion (US\$899 billion) in 2021, representing 15.8 GtCO<sub>2e</sub> in carbon credits.<sup>1</sup> Currently, the voluntary markets constitute a small portion of the total carbon market, with approximately \$2 billion traded in 2021, representing 493.1 MtCO<sub>2e</sub> in carbon credits.<sup>2</sup> While currently trading less than 1% of the value and less than 5% of the volume of the compliance carbon markets, voluntary markets have recently experienced strong growth in both volume and value. In 2021, the value and volume increased by approximately 143% and 284%, respectively, compared to 2020 in which 202.7 MtCO<sub>2e</sub> traded representing approximately \$520 million in value.<sup>2</sup>

Growth in the voluntary market is forecast to continue. Scenarios developed by the Network for Greening the Financial System ("**NGFS**") forecast that demand in the voluntary market for carbon credits could grow

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<sup>1</sup> Refinitiv, Carbon Market Year in Review 2021, 1/31/22. (2018: \$1 = 0.847 euros and 2021: \$1 = 0.845 euros).

<sup>2</sup> Ecosystem Marketplace "State of the Voluntary Carbon Markets 2022 Q3", August 2022.

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by approximately three- to four-fold to 1.5 to 2 GtCO<sub>2</sub> of carbon credits per year in 2030 from 2021, and by approximately 25-fold to 7 to 13 GtCO<sub>2</sub> per year by 2050.<sup>3</sup>

Carbon credits are traded on both private and public markets. Some exchanges that specialize in the trading of compliance carbon credits include the European Climate Exchange, the NASDAQ OMX Commodities Europe exchange, and the European Energy Exchange. A significant portion of voluntary carbon market trading is conducted over the counter (OTC), but some exchanges that specialize in the trading of voluntary carbon credits include CBL, CIX, and Air Carbon. The prices of carbon credits are primarily driven by the levels of supply and demand in the markets.

Several factors determine the price paid for a particular voluntary carbon credit including: project activity (such as forestry, renewable energy, waste disposal, carbon capture, etc.), location, vintage, the standards body and associated co-benefits (such as job creation, water conservation or preservation of biodiversity). CBL Global Emissions Offset (“GEO”) and CBL Nature-Based Global Emissions Offset (“N-GEO”) benchmark pricing appreciated significantly through 2021 and into 2022 but traded down sharply following the Russian invasion of Ukraine in February 2022. Perceived higher quality and nature-based carbon credits, such as REDD+ carbon credits, trended similarly but rebounded somewhat in March. Pricing of the more basic GEO carbon credits has fallen back in 2022 following significant price appreciation in 2021.

(US\$ per tonne)

	Three Months Ended		Twelve Months Ended <sup>1</sup>	
	Jun 30, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
GEO Average Price	\$ 5.16	\$ 2.23	\$ 6.17	\$ 1.79
GEO Low Price	\$ 3.88	\$ 1.90	\$ 2.80	\$ 0.73
GEO High Price	\$ 6.20	\$ 2.85	\$ 8.85	\$ 2.85
N-GEO Average Price <sup>2</sup>	\$ 10.49	n/a	\$ 10.76	n/a
N-GEO Low Price	\$ 8.70	n/a	\$ 4.90	n/a
N-GEO High Price	\$ 11.53	n/a	\$ 16.19	n/a

(1) Reflects partial year data.

(2) N-GEO data for the three months ended and twelve months ended June 30, 2021 is not available as the contract was not yet trading.

## STRATEGY AND OUTLOOK

Carbon Streaming’s strategy continues to be focused on acquiring additional streams and royalties to diversify and grow its portfolio of projects. In the three months ended June 30, 2022, the Company announced three new stream agreements: the Community Carbon Stream, the Sustainable Community Stream and the Waverly Biochar Stream. The addition of these new stream agreements furthers the Company’s goal of diversifying its portfolio geographically and by project type. Carbon Streaming plans to

<sup>3</sup> McKinsey & Company, A blueprint for scaling voluntary carbon markets to meet the climate challenge, January 2021. These amounts reflect demand based on CO<sub>2</sub> removal and sequestration requirements under the NGFS’s 1.5°C and 2.0°C scenarios. Both amounts reflect an assumption that all CO<sub>2</sub> removal and sequestration results from carbon credits purchased on the voluntary market (whereas some removal and sequestration will result from carbon credits purchased in compliance markets and some will result from efforts other than carbon-offsetting projects).

partner and support new and existing carbon projects as the Company continues to build its high-integrity portfolio of carbon credit streams and projects.

The Company also continues to build human capital, growing and enhancing its team with professionals who are skilled and knowledgeable in diverse fields of expertise. In particular, the Company's sales infrastructure is continuing to expand as the Company expects to receive carbon credits from more than 10 projects by the end of calendar year 2023. The Company believes that the development of a strong sales strategy and team will attract buyers of high-quality carbon credits, also benefiting project partners and other stakeholders.

### Guidance Update

The Company expects to receive its first delivery of carbon credits pursuant to its streams in calendar 2022, with the anticipated carbon credit issuance from Cerrado Biome. Such issuance and delivery are expected in the second half of calendar 2022, with sales of these credits expected to occur soon after delivery.

As previously disclosed in April 2022, the Indonesian government announced a temporary pause in the validation of carbon credits from projects on the Verra Registry (and other registries) as it seeks to finalize its national carbon emission regulations. The Company's Rimba Raya stream has been impacted by this temporary pause, as it was scheduled to have its sixth audit under the Verified Carbon Standard of Verra earlier in 2022. Rimba Raya has a strong track record of regulatory compliance in Indonesia and in November 2021, the project received a renewed concession license, which extended the project's concession license to 2073. InfiniteEARTH, Rimba Raya's project operator, remains cooperative with Indonesia's Ministry of Environment & Forestry ("**MOEF**") to ensure that Rimba Raya's activities remain in compliance with this dynamic regulatory landscape. InfiniteEARTH continues to engage with the MOEF and *Sistem Registri Nasional Pengendalian Perubahan Iklim* ("**SRN**"), Indonesia's domestic carbon registry, while the design of Indonesia's domestic scheme for carbon credit verification under national regulations is finalized.

The Company and InfiniteEARTH view the development of a national carbon policy as an important and positive step for Indonesia, carbon markets, and global climate action. As the timing of carbon credit verification, issuance, and delivery from Rimba Raya remains conditional to these events, the Company is withdrawing calendar 2022 guidance as provided on January 18, 2022.

Over the long term and on a company-wide basis, the Company continues to expect to retain on average 15% to 25% of carbon credit revenue (with project-specific retention ranging between 5% and 45% of net revenue) generated from the sale of the carbon credits, subject to fluctuation based on the realized price from carbon credit sales and the specific terms of the stream agreements. Through an ongoing delivery payment under the terms of a stream agreement, a project partner is typically entitled to receive the balance of the net revenue from the sale of carbon credits (i.e. on average 75% to 85%).

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For a comprehensive discussion of the risks, assumptions and uncertainties that could impact the Company's outlook, including without limitation, Indonesian regulatory developments, investors are urged to review the section of the Company's Annual Information Form ("AIF") entitled "Risk Factors" a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## RESULTS OF OPERATIONS

### SUMMARY OF QUARTERLY RESULTS

The following is a summary of certain financial information for each of the eight most recently completed quarters:

	<b>Jun 30, 2022</b>	<b>Mar 31, 2022</b>	<b>Dec 31, 2021</b>	<b>Sep 30, 2021</b>
Revenue	\$ 1,944	\$ -	\$ 145,000	\$ -
Net income (loss)	29,201,075	48,499,368	(47,348,372)	(43,252,144)
Basic income (loss) per share	0.77	1.04	(1.38)	(1.84)
Diluted income (loss) per share	0.77	0.86	(1.38)	(1.84)
Total Assets	163,467,225	166,140,449	168,005,847	171,312,320

	<b>Jun 30, 2021</b>	<b>Mar 31, 2021</b>	<b>Dec 31, 2020</b>	<b>Sep 30, 2020</b>
Revenue	\$ -	\$ -	\$ -	\$ -
Net income (loss)	(2,277,115)	(1,876,275)	(435,516)	(21,074)
Basic income (loss) per share	(0.06)	(0.05)	(0.03)	(0.01)
Diluted income (loss) per share	(0.06)	(0.05)	(0.03)	(0.01)
Total Assets	109,079,534	28,748,186	1,039,033	279,660

Changes in revenue, net income (loss) and total assets on a quarter-by-quarter basis are primarily the result of the Company's refocused business model. Over the past eight quarters net income (loss) has been primarily impacted by expenses related to the Company's new business strategy and in the past four quarters it has also varied due to the recognition and subsequent revaluation of warrant liabilities as a result of the Company's change in functional currency. As a result of these items, comparisons to historical quarters prior to March 31, 2021, may not be useful to readers.

For the three months ended June 30, 2022, compared to the three months ended June 30, 2021

The Company earned a net income of \$29.2 million during the three months ended June 30, 2022, compared to a net loss of \$2.3 million for the three months ended June 30, 2021. The results for the three months ended June 30, 2022, were primarily due to the following items:

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- During the three months ended June 30, 2022, the Company recorded a gain on the revaluation of warrant liabilities of \$32.7 million, representing the change in estimated fair value of the liabilities during the period.
- During the three months ended June 30, 2022, the Company incurred \$0.9 million in costs for salaries and fees, which is an increase of \$0.7 million over the comparative period in 2021. This increase represents the salaries and fees of the new management, employees, and directors tasked with growing the Company's business and expanding its capabilities.
- The Company incurred \$2.4 million of marketing, professional, consulting, regulatory, and office and general expenses for the three months ended June 30, 2022, compared to \$2.1 million for the three months ended June 30, 2021. The main expenses in this category are for professional and consulting fees. Under IFRS, the Company is unable to capitalize professional and consulting fee costs attributable to the Company's carbon credit stream agreements, so the costs are expensed.
- During the three months ended June 30, 2022, the Company recorded share-based compensation of \$1.1 million compared to \$0.4 million for the three months ended June 30, 2021. Share based compensation expense will vary from period to period depending upon the number of options and RSUs granted and vested during a period and the fair value of the options calculated as at the grant date.

For the twelve months ended June 30, 2022, compared to the twelve months ended June 30, 2021

The Company incurred a net loss of \$12.9 million during the twelve months ended June 30, 2022, compared to a net loss of \$4.6 million for the twelve months ended June 30, 2021. The results for the twelve months ended June 30, 2022, were primarily due to the following items:

- During the twelve months ended June 30, 2022, the Company recorded a gain on the warrant liabilities of \$4.7 million representing the revaluation of the warrants from July 1, 2021, to June 30, 2022.
- During the twelve months ended June 30, 2022, the Company incurred \$6.2 million in costs for salaries and fees, which is an increase of \$5.7 million over the comparative period in 2021. This represents the salaries and fees of the new management, employees, and directors tasked with refocusing and growing the Company's business.
- The Company incurred \$5.8 million of marketing, professional, consulting, regulatory, and office and general expenses for the twelve months ended June 30, 2022, compared to \$2.8 million for the twelve months ended June 30, 2021. The main expenses in this category are for professional and consulting fees. Under IFRS, the Company is unable to capitalize professional and consulting fee costs attributable to the Company's carbon credit stream agreements, so the costs are expensed.
- During the twelve months ended June 30, 2022, the Company recorded share-based compensation of \$3.9 million compared to \$1.7 million for the twelve months ended June 30,

2021. Share based compensation expense will vary from period to period depending upon the number of options and RSUs granted and vested during a period and the fair value of the options calculated as at the grant date.

## LIQUIDITY AND CASH FLOW

### Liquidity

As of June 30, 2022, the Company had working capital of \$75.6 million, which includes cash of \$93.2 million. The largest short-term liability relates to warrant liabilities (see Note 10 of the Financial Statements) which is not a cash amount owing. The warrant liabilities represent an estimate of the fair value of issued share purchase warrants, previously issued and exercisable in C\$. Given the impact of the warrant liabilities (a non-cash item) on working capital, the Company prefers to use an adjusted working capital measure. The Company's adjusted working capital as at June 30, 2022, was \$92.3 million (June 30, 2021: \$107.6 million). Please see "Non-IFRS Measures" for more details.

The Company's ability to meet its obligations and execute its business strategy depends on its ability to generate cash flow from the delivery and sale of carbon credits, as well as through the issuance of its securities, the exercise of stock options and warrants and short-term or long-term borrowings. Based on current cash balances, the Company believes it has access to sufficient resources to satisfy its commitments.

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of shareholders' equity of \$142.6 million at June 30, 2022 (June 30, 2021: \$108.0 million). There were no changes in the Company's approach to capital management during the period.

There is no assurance that the Company will be able to access debt, equity or alternative funding at the times and in the amounts required to meet the Company's obligations and to fund activities. The outlook for the world economy remains uncertain and vulnerable to various events that could adversely affect the Company's ability to raise additional funding going forward.

During the year ended June 30, 2022, cash decreased by \$15.2 million. The decrease was due to cash used in investing activities of \$35.4 million on non-current assets, partially offset by cash provided by financing activities of \$35.1 million, and cash used in operating activities of \$13.7 million.

### Cash Flows

#### *Operating Activities*

Cash used in operating activities was \$13.7 million for the twelve months ended June 30, 2022 (2021 – \$1.7 million), which resulted from operating expenses during the normal course of business, an increase in amounts receivable and prepaid, the purchase of carbon credit inventory, and partially offset by an increase in accounts payable.

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*Investing Activities*

Cash used in investing activities was \$35.4 million for the twelve months ended June 30, 2022 (2021 – \$0.5 million), related primarily to payments made under streaming agreements and term sheets and payments for other strategic assets. See “Carbon Credit Projects”.

*Financing Activities*

Cash provided by financing activities was \$35.1 million for the twelve months ended June 30, 2022 (2021 – \$111.1 million), related to partial proceeds from the issuance of the Special Warrants and the exercise of warrants and options. See “Share Capital”.

## RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties include key management personnel and may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions are recorded at the exchange amount, being the amount agreed to between the related parties.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board of Directors (the “**Board**”).

Remuneration of key management personnel of the Company was as follows:

	Year Ended	
	Jun 30, 2022	Jun 30, 2021
Salaries and fees <sup>1,2</sup>	\$4,606,013	\$400,326
Consulting fees <sup>1</sup>	62,299	103,266
Share-based compensation	2,844,110	1,010,966
<b>Total</b>	<b>\$7,512,422</b>	<b>\$1,514,558</b>

(1) Salaries and fees paid to the executive officers and directors for their services.

(2) Included in accounts payable and accrued liabilities are fees owing to officers and directors of \$nil as at June 30, 2022 (June 30, 2021 - \$36,514).

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## SHARE CAPITAL

As at September 25, 2022, the Company has the following items of share capital outstanding:

	<b>Share Capital</b>
Common Shares issued and outstanding	46,813,919
Warrants	33,230,789
Stock options <sup>1</sup>	1,506,000
RSUs <sup>2</sup>	865,835

(1) Options are issued pursuant to and governed by the Company’s Long Term Incentive Plan (the “LTIP”).

(2) Restricted share units (“RSUs”) are issued pursuant to and governed by the LTIP and represent a right to receive Common Shares (or the cash equivalent) at a future date, as determined by the established vesting conditions. RSU settlements is determined at the sole discretion of the Board, and can be settled in Common Shares, cash or a combination thereof.

## COMMITMENTS

As at June 30, 2022, the Company had the following commitments:

(US\$ millions)	<b>Less than 1 year</b>	<b>1 to 3 years</b>	<b>Over 3 years</b>	<b>Total</b>
Trade and other payables	\$ 3.2	\$ -	\$ -	\$ 3.2
Payments related to acquisition of streaming and royalty agreements <sup>1</sup>	18.6	21.8	-	40.4
<b>Total</b>	<b>\$21.8</b>	<b>\$ 21.8</b>	<b>\$ -</b>	<b>\$ 43.6</b>

(1) In connection with the acquisition of carbon credit streaming agreements, the Company pays an upfront deposit to the project partner. In certain instances, the payment of the upfront deposit is paid in installments, subject to certain milestones and conditions being met. While the timing of such payments is event driven, the Company has made assumptions on the timing of such payments, based on the information currently available. As at June 30, 2022, such conditions had not been met and are therefore not reflected as a liability in the Company’s Financial Statements. See “Carbon Credit Projects” for a description of project specific commitments.

Under its carbon credit streaming agreements, the Company is typically required to pay an ongoing delivery payment to the project partner for each credit that is delivered to Carbon Streaming and sold under the carbon stream. The timing and amount of such payments is dependent on the timing of delivery and sale of the carbon credits, the net realized price obtained on the sale of the carbon credits and the terms of the carbon credit streaming agreement.

From time to time, the Company may enter into sales contracts with customers for the future sale of carbon credits. Under these agreements, payment and delivery of the credits will occur at a future date once credits are delivered to the Company.

Osisko and the Company are currently parties to an investor rights agreement dated February 18, 2021, which governs various aspects of the relationship between Osisko and the Company. Under this agreement, Osisko has the exclusive right to participate in, and acquire up to 20% of any stream, forward sale, prepay, royalty, off-take or similar transaction between the Company, as purchaser and/or creditor, and one or more third party counterparties (the “**Stream Participation Right**”). As at June 30, 2022, Osisko



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has provided notice to the Company that it has elected in principle to participate in the Magdalena Bay Blue Carbon Stream, the Rimba Raya Stream and the SAA (see Notes 7 of the Financial Statements).

## OFF-BALANCE SHEET ARRANGEMENTS

As at the date of this MD&A, the Company did not have any off-balance sheet arrangements.

## FINANCIAL INSTRUMENT FAIR VALUE AND RISK FACTORS

(US\$ millions)	As at	
	Jun 30, 2022	Jun 30, 2021
Financial Assets		
Cash	\$ 93.2	\$ 108.4
Other receivable	0.3	-
Carbon credit streaming agreements	65.7	-
Early deposit interest	1.4	0.5
<b>Total financial assets</b>	<b>\$ 160.6</b>	<b>\$ 108.9</b>
Financial Liabilities		
Accounts payable and accrued liabilities	\$ 3.2	\$ 1.0
Warrant liabilities	16.7	-
Restricted share unit liabilities	0.9	-
<b>Total financial liabilities</b>	<b>\$ 20.8</b>	<b>\$ 1.0</b>

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the years ended June 30, 2022 and 2021, no such transfers took place.

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The Company's financial instruments include cash, carbon credit streaming agreements, accounts payable and accrued liabilities, warrant liabilities and restricted share unit liabilities. The carrying value of cash and accounts payable and accrued liabilities approximates their fair value due to their short-term nature. Cash is measured at fair value based on Level 1 of the fair value hierarchy. Certain C\$ denominated warrant liabilities with a quoted trading price are valued based on Level 1 of the fair value hierarchy. Certain C\$ denominated warrant liabilities (Level 2) where no quoted prices exist have been valued using a Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility of the expected market price of the Company's Common Shares and the expected life of the options. Carbon credit streaming agreements (Level 3) are valued using recent trading prices for comparable carbon credit methodologies and vintages and overall market volatility of voluntary carbon credit pricing. Other variables that impact the fair value of the carbon streaming agreements include the expected volumes and timing of the delivery and sale of the verified carbon credits, changes in expected costs and cash flows associated with the agreement, an applicable risk adjusted discount rate, and other potential factors.

### Risk Factors

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### *Carbon Market Risk*

Carbon market risk is the risk that the fair value of a financial instrument will fluctuate from changes in market forces including, but not limited to, interest rates, voluntary carbon credit prices, foreign exchange, and timing and number of anticipated carbon credit deliveries and sales.

Assuming all other variables remain constant, a 5% weakening or strengthening of voluntary carbon credit prices would result in a fair value adjustment of approximately \$2.2 million to the Company's profit or loss.

#### *Credit Risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's cash balance is held at a credit worthy financial institution. Credit risk has been assessed as low.

#### *Currency Risk*

Foreign currency risk is the risk that the fair value of financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as it incurs certain expenditures that are denominated in Canadian dollars while its functional currency is US dollars. The Company does not hedge its exposure to fluctuations in foreign exchange rates. As at June 30, 2022, the Company held cash of C\$28.6 million in Canadian dollars and had

accounts payable of C\$3.7 million in Canadian dollars. As the Company has a number of transactions in foreign currencies, currency risk has been assessed as moderate.

Assuming all other variables remain constant, as at June 30, 2022, a 5% weakening or strengthening of the Canadian dollar against the US dollar would result in a change of approximately \$0.9 million to comprehensive profit or loss.

#### *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its bank accounts. The income earned on the bank account was subject to the movements in interest rates. The Company has no interest-bearing debt. Therefore, interest rate risk has been assessed as nominal.

#### *Liquidity Risk*

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash balances. While the Company currently believes it has sufficient liquidity to meet its existing obligations, in order for the Company to continue to grow its business and enter into additional streams additional liquidity may be required. Under current market conditions and available cash on hand, liquidity risk has been assessed as low.

## KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of the Financial Statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the periods of change, if the change affects that period only, or in the period of the change of future periods, if the change affects both.

The preparation of the Financial Statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying accounting policies in the Financial Statements include:

#### *Accounting for and valuation of carbon credit streams*

The Company from time to time will acquire carbon credit streaming agreements. Each carbon credit stream has its own unique terms and significant judgment is required to assess the appropriate accounting treatment.

Carbon credit streaming agreements are agreements that are expected to be settled through the delivery of carbon credits. The contractual arrangements, in certain circumstances, could result in the Company receiving cash upon expiry of the contracts. Additionally, the Company's business model for these agreements is to take delivery of the carbon credits and subsequently sell them for purposes of generating a profit. Accordingly, the carbon credit streaming agreements are accounted for as financial instruments. These agreements are initially and subsequently measured at fair value through profit or loss. At each reporting date, the fair value of each active contract is calculated using internal discounted cash flow models taking into consideration the contractual terms of the underlying project agreements that rely on the recent trading prices for comparable carbon credit methodologies and vintages and overall market volatility of voluntary carbon credit pricing. Other variables that impact the fair value of carbon credit streaming agreements include the timing of the delivery of the verified carbon credits, changes in expected costs and cash flows associated with the contract, and changes in the risk-free interest rate.

#### *Share based compensation*

The Company includes an estimate of share price volatility, expected life, forfeiture rate and risk-free interest rates in the calculation of the fair value for share-based payments. These estimates are based on previous experience and may change throughout the life of an incentive plan. Such changes could impact profit and loss.

#### *Warrant liabilities*

The fair value of the warrant liabilities is measured using quoted prices or the Black-Scholes pricing model. Assumptions and estimates are made in determining an appropriate risk-free interest rate, volatility, term, dividend yield, discount due to exercise restrictions, and the fair value of common stock. Any significant adjustments to the unobservable inputs would have a direct impact on the fair value of the warrant liabilities.

#### *Functional currency*

The determination of an entity's functional currency requires judgment where the operations of the Company are changing, or currency indicators are mixed. Additionally, the timing of a change in functional currency is a judgment as the balance of currency indicators may change over time.

## DISCLOSURE OF INTERNAL CONTROLS

In accordance with National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("**NI 52-109**") of the Canadian Securities Administrators, the Company issues a "Certification of

Annual Filings". This Certification requires certifying officers to certify, among other things, that they are responsible for establishing and maintaining Disclosure Controls and Procedures ("DC&P") and Internal Controls over Financial Reporting ("ICFR") as those terms are defined in NI 52-109. The control framework used to design the Company's ICFR is based on the framework established in Internal Control - Integrated Framework (2013) by the Committee of Sponsoring Organizations of the Treadway Commission.

The Company's ICFR are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's ICFR may not prevent or detect all misstatements because of inherent limitations.

Management has evaluated the effectiveness of the Company's ICFR as at June 30, 2022. Based on this assessment, the Company's Chief Executive Officer and its Chief Financial Officer concluded that the Company's ICFR were effective as at June 30, 2022.

There have been no changes in the Company's ICFR during the quarter ended June 30, 2022, that have materially affected, or are reasonably likely to materially affect, its ICFR.

The Company's DC&P is designed to provide reasonable assurance that material information relating to the Company is made known to the Company's certifying officers by others, particularly during the period in which the interim filings are being prepared, and that information required to be disclosed by the Company in its annual filings, interim filings and other reports filed or submitted by the Company under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

Based on management's evaluation, which was carried out to assess the effectiveness of the Company's DC&P, the Company's Chief Executive Officer and its Chief Financial Officer, concluded that the Company's DC&P were effective as at June 30, 2022.

## NON-IFRS MEASURES

The terms "adjusted working capital" and "adjusted net income (loss)" in this MD&A are not standardized financial measures under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. These non-IFRS measures should not be considered in isolation or as a substitute for measures of performance or cash flows as prepared in accordance with IFRS. Management believes that these non-IFRS measures, together with measures prepared in accordance with IFRS, provide useful information to investors and shareholders in assessing the Company's liquidity and overall performance.

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### Adjusted Working Capital

Given the impact of warrant liabilities (a non-cash item) on working capital, the Company uses an 'adjusted working capital' measure. Adjusted working capital is calculated as current assets, less current liabilities, and adjusted for warrant liabilities which the Company views as having a significant non-cash impact on the Company's working capital calculation. The warrant liabilities represent non-cash settled liabilities and are an estimate of fair value of warrants previously issued by the Company exercisable in C\$. Adjusted working capital is used by the Company to monitor its capital structure, liquidity, and its ability to fund current operations. Adjusted working capital is not a standardized financial measure under IFRS and therefore may not be comparable to similar financial measures presented by other companies.

The following table reconciles current assets and liabilities to adjusted working capital:

<i>(US\$ millions)</i>	As at	
	Jun 30, 2022	Jun 30, 2021
Current assets	\$ 96.0	\$ 108.6
Current liabilities	20.4	1.0
Working capital	75.6	107.6
Adjustment for non-cash settled items:		
Warrant liabilities	16.7	-
<b>Adjusted working capital</b>	<b>\$ 92.3</b>	<b>\$ 107.6</b>

### Adjusted Net Income (Loss) and Income (Loss) Per Share

Given the impact of the revaluation of warrant liabilities (a non-cash item) on net and comprehensive income (loss) and income (loss) per share, the Company uses an 'adjusted net income (loss)' or 'adjusted net loss' and 'adjusted income (loss) per share' or 'adjusted loss per share' measures. Adjusted net income (loss) is calculated as net and comprehensive income (loss) and adjusted for the revaluation of warrant liabilities which the Company views as having a significant non-cash impact on the Company's net and comprehensive income (loss) calculation and per share amounts. Adjusted net income (loss) is used by the Company to monitor its results from operations for the period. Adjusted net income (loss) is not a standardized financial measure under IFRS and therefore may not be comparable to similar financial measures presented by other companies.

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The following table reconciles net and comprehensive income (loss) to adjusted net income (loss):

<i>(US\$ millions)</i>	Three Months Ended		Twelve Months Ended	
	Jun 30, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
Net and comprehensive income (loss)	\$ 29.2	\$ (2.2)	\$ (12.9)	\$ (4.6)
Adjustment for non-cash settled items:				
Revaluation of warrant liabilities	32.7	-	4.7	-
Adjusted net income (loss)	\$ (3.5)	\$ (2.2)	\$ (17.6)	\$ (4.6)
Basic income (loss) per share	\$ 0.77	\$ (0.06)	\$ (0.34)	\$ (0.57)
Adjusted basic (loss) per share	\$ (0.09)	\$ (0.06)	\$ (0.46)	\$ (0.57)
Diluted income (loss) per share	\$ 0.77	\$ (0.06)	\$ (0.34)	\$ (0.57)
Adjusted diluted income (loss) per share	\$ (0.09)	\$ (0.06)	\$ (0.46)	\$ (0.57)

## SUBSEQUENT EVENTS

On May 16, 2022, the Company entered into a carbon credit streaming agreement with Community Carbon and UpEnergy Group to bring fuel-efficient cookstoves and safe water solutions to millions of households in eastern and southern Africa under a grouped project model (the “**Community Carbon Stream**”). Under the terms of the Community Carbon Stream, Community Carbon will deliver a portion of the carbon credits created by the project to the Company, for a term of 15 years. To acquire the Community Carbon Stream, the Company agreed to pay Community Carbon an upfront deposit of \$20.0 million. The stream subsequently closed on August 15, 2022, and the Company advanced \$6.5 million on closing.

On September 8, 2022, the Company entered into a term sheet with Future Carbon International LLC (“**Future Carbon**”) covering four REDD+ projects in the Amazon, Brazil (the “**FCG Amazon Portfolio**”). Pursuant to the terms of the term sheet, the Company has advanced \$3.0 million and entered into a 5% royalty agreement covering the carbon credit revenues generated by Future Carbon from its interest in the FCG Amazon Portfolio, with funds being used to contribute to the development and maintenance of these projects and grow Future Carbon in the global carbon market.

On September 8, 2022, the Company amended and restated its term sheet with BCI, providing an additional \$0.6 million of funding to BCI to advance the development of two carbon credit projects within the Bonobo Peace Forest (“**Bonobo Peace Forest Projects**”). In connection with the signing of the amendment and restatement, BCI and the Company entered into a 5% royalty agreement covering the carbon credit revenues generated from the Bonobo Peace Forest Projects.

On July 6, 2022, the Company invested an additional \$1.35 million in Carbon Fund Advisors and increased its equity interest from 18.6% to 50%. Carbon Fund Advisors is the sub-advisor of Carbon Strategy ETF (NYSE: KARB) and the additional investment supports Carbon Fund Advisors’ launch of the Carbon Strategy

ETF, an actively managed thematic exchange traded fund that aims to provide investors exposure to the growing compliance carbon markets.

On July 13, 2022, Carbon Streaming executed a term sheet with Citadelle Maple Syrup Producers' Cooperative ("**Citadelle**"). As part of the term sheet, the Company provided C\$400,000 of upfront funding for a grouped sugar maple Afforestation, Reforestation, Revegetation (ARR) and ecosystem restoration project in Quebec, Canada. The initial funding from Carbon Streaming is designed to enable Citadelle to achieve the Fall 2022 and Spring 2023 planting windows and positions Carbon Streaming with a right of first refusal on future carbon credit-based financings.

## RISKS AND UNCERTAINTIES

The Company is exposed to a variety of known and unknown risks in the pursuit of its strategic objectives, including but not limited to commodity price risk, liquidity/financial risk, general business risk and COVID related risks. The impact of any risk may adversely affect, among other things, the Company's business, financial condition and operating results, which may affect the market price of its securities. The Company monitors its risks on an ongoing basis and seeks to mitigate these risks as and when possible.

For a comprehensive discussion of the risks and uncertainties that could have an effect on the business and operations of the Company, investors are urged to review the section of the AIF entitled "Risk Factors" and Financial Statements each as of June 30, 2022, copies of which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Significant Risk Factors

#### *Commodity Risk*

The Company's financial performance is heavily dependent on the price of carbon credits and liquidity of the carbon markets. The Company's ability to generate cash flow and profitability is directly impacted by its ability to sell carbon credits and at favourable pricing. The price and market for carbon credits is subject to volatile price movements, which are based on numerous factors outside of the Company's control. The Company seeks to mitigate these risks by acquiring streams and credits representing a diversified group of projects (by geography, project type and crediting standard). In addition, the Company seeks out projects that have significant social and economic co-benefits in addition to their carbon reduction or removal potential, which can command premium pricing.

#### *Liquidity/Financial Risks*

The Company is exposed to normal financial risks including liquidity risk, exchange rate risk, interest rate risk and credit risk. The Company's principal liquidity and capital resource requirements are the capital required to acquire streams and general operating expenses. The Company funds these requirements through current cash and working capital balances which are carefully managed to ensure that operational



needs and other contractual and financial obligations are met. For further information on liquidity and capital risk mitigation see section "Financial Instrument Fair Value and Risk Factors".

### *General Business Risks*

The nature of the Company's business is highly speculative. The success of the Company's activities will depend on management's ability to implement its strategy and on the availability of opportunities related to carbon credit streaming agreements and GHG emission avoidance, reduction, and removal/sequestration programs; government regulations; commitments to reduce GHG emissions by corporations, organizations and individuals; and general economic conditions. Although management is optimistic about the Company's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved and there is no certainty that the Company will successfully implement its current strategy.

### *COVID-19 Pandemic*

During the first quarter of calendar 2020, there was a global outbreak of a novel coronavirus identified as "COVID-19". The COVID-19 pandemic and the measures attempting to contain and mitigate the effects of the virus (including travel bans and restrictions, quarantines, shelter-in-place orders, shutdowns and restrictions on trade) have caused heightened uncertainty in the global economy. The duration and full financial effect of the COVID-19 pandemic and related supply-demand market imbalances continues to evolve. Despite successful vaccine rollouts in many jurisdictions, the risk of local or regional resurgences continue, as well as the outbreak of variants strains of the initial COVID-19 virus. As a result, it is difficult to predict how significant the longer-term impacts of the COVID-19 pandemic or other potential pandemics, including any responses to it, will be on the global economy and our business. Even after the COVID-19 pandemic has subsided, the Company may continue to experience materially adverse impacts to its business as a result of the pandemic's global economic impact, and could materially adversely affect our business, financial position and results of operations.

In the current environment, the assumptions and judgements made by the Company are subject to greater variability than normal, which could in the future significantly affect judgments, estimates and assumptions made by management as they relate to the potential impact of the COVID-19 pandemic and could lead to a material adjustment to the carrying value of the assets or liabilities affected. The impact of current uncertainty on judgments, estimates and assumptions extends, but is not limited to, the Company's valuation of its long-term assets. Actual results may differ materially from these estimates.

The list above does not contain all the risks associated with an investment in the securities of the Company. For a more comprehensive discussion of the risks and uncertainties that could have an effect on the business and operations of the Company, please see the Company's AIF and Financial Statements which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## ADVISORIES

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated in such forward-looking statements.

The Company currently believes the expectations reflected in these forward-looking statements are reasonable but cannot assure that such expectations will prove to be correct, and thus, such statements should not be unduly relied upon. These forward-looking statements are made as of the date of this MD&A and the Company disclaims any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, unless required pursuant to applicable laws. Risk and assumptions that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the headings “Additional Information - Forward-Looking Information” and “Risk Factors” in the Company’s AIF and under the heading “Risks and Uncertainties” in this MD&A. Although the Company has attempted to take into account important factors that could cause actual costs or operating results to differ materially, there may be other unforeseen factors and therefore results may not be as anticipated, estimated or intended.

## ADDITIONAL INFORMATION

Additional information with respect to the Company, including the Financial Statements and Company’s AIF, have been filed with Canadian securities regulatory authorities and is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.carbonstreaming.com](http://www.carbonstreaming.com). Information contained in or otherwise accessible through the Company’s website does not form a part of this MD&A and is not incorporated by reference into this MD&A.